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No. 82-558

In the Supreme Court of the United States

October Term, 1982

LUCERNE PRODUCTS, INC.,
Petitioner,

vs.

SKIL CORPORATION,
Respondent.

ON CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

(1) Can an inventor whose application is under Final Rejection by the Patent Office for lack of invention over the state of the art, overcome said rejection and obtain a valid patent under Article I, Sect. 8 of the U. S. Constitution, by misrepresenting to the Patent Office the device or work product of another party as his own invention, and then relying upon the structural and operational features specific to only said other device, distinguish therewith his claimed invention over the state of the art without disclosing the source of the demonstrated device or work product, the identity of said other party or the similarity between the demonstrated device and his claimed invention?

(2) Is an inventor's passing off another party's property to the Patent Office as his own invention, which misrepresentation is concealed from the Patent Office and which results in the issuance of a U. S. patent defining as a claim therein said other party's property, a taking of such property in violation of Article V of the U. S. Constitution?

(3) Is U. S. patent 3,209,228 valid under the Supreme Court decision of *Precision*?

LIST OF PARTIES

Skil Corporation, plaintiffs below, sued Lucerne Products, Inc., and its President, Benjamin H. Matthews, defendants below, in the Northern District of Ohio (C69-461) to recover royalties under a patent license agreement.

Skil Corporation also sued Lucerne Products, Inc., and its President, Benjamin H. Matthews, and several of its customers, in the Northern District of Illinois (C74-121), charging nonpayment of royalties and infringement of the patent licensed to Lucerne. The customers are Wen Products, Millers Falls Company and Rockwell Manufacturing Company.

These two cases were consolidated for trial in the Northern District of Ohio. Lucerne is the principal defendant in the consolidated action, and is the petitioner in this case.

RULE 28.1 STATEMENT

Lucerne Products, Inc. is a wholly owned corporation with no subsidiaries.

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No.

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PETITION FOR WRIT OF CERTIORARI

Petitioner, Lucerne Products, Inc., respectfully prays that a writ of certiorari be issued to review the judgment of the United States Court of Appeals for the Sixth Circuit entered in this case.

OPINIONS BELOW

The opinion of the Court of Appeals is not reported but appears in the Appendix hereto at page A1.

The opinion of the District Court is unreported, and appears in the Appendix hereto at page A84.

The Magistrate's Report And Recommended Decision referred to in the opinion of the District Court appears in the Appendix hereto at page A11.

JURISDICTION

The judgment sought to be reviewed is dated and was entered July 7, 1982; rehearing was denied August 31, 1982. This Court has jurisdiction to review pursuant to 28 U.S.C. Sects. 1254(1) and 2101(c).

CONSTITUTIONAL PROVISIONS AND STATUTES

U. S. Constitution, Article I, Sect. 8:

"The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries;"

U. S. Constitution, Article V:

"No person shall be . . . deprived of . . . property, without due process of law;"

PATENT STATUTES

Sect. 101. Inventions patentable

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Sect. 102. Conditions for patentability; novelty and loss of right to patent

"A person shall be enitled to a patent unless—

(f) he did not himself invent the subject matter sought to be patented. . . .

STATEMENT OF CASE

Skil Corporation (Skil) plaintiff below sued Lucerne Products, Inc. (Lucerne) defendant below and several of Lucerne's customers[1] to recover royalties under an agreement (Appendix A96) and Supplemental Amendment thereto (Appendix A99) entered into between Skil and Lucerne in 1965, which included, inter alia, license rights under U. S. patent 3,209,228 issued to Skil's employee Alex F. Gawron and assigned to Skil.

The Gawron patent 3,209,228 (Appendix A101) is directed to a trigger finger control which varies the tool motor speed electronically,[2] and the switch devices manufactured by Lucerne incorporate therein the invention of the Gawron patent.

Skil is a manufacturer of portable electric tools such as drills. Lucerne's customers[1] are also manufacturers of similar portable electric tools including drills. Lucerne is a manufacturer of electric switch devices for use in portable electric tools to variably control the speed of the tool motor.

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1. Skil sued Wen Products, Millers Falls Company (Div. of Ingersoll-Rand), Rockwell Manufacturing Company (Lucerne's customers) in Chicago charging infringement of Skil's patent 3,209,228 by reason of their buying switch devices from Lucerne. This Chicago case (C74-121) was consolidated by Judge Hoffmann for trial in Cleveland, Ohio with the present case.

2. The trigger finger control is connected mechanically to a variable resistor. As it is squeezed by the operator's trigger finger, the speed of the motor is progressively increased in a smooth and continuous manner from a very low speed of a few revolutions per minute to almost the top speed of the motor. When the trigger is squeezed to the fullest extent, a by-pass or shunt switch is brought into operation which permits electric current to bypass the speed control circuit, so that the motor runs at full speed. When the pressure on the trigger is lessened the motor gradually slows down until complete release of the trigger cuts off the current and the motor stops.

Lucerne sells its switch devices to its customers[1] which, at one time included Skil, and pursuant to said agreement (App. A96) is obligated to pay Skil royalties for such sales.

A trial was held before United States Magistrate Streepy under the provisions of Rule 53 FRCP, the parties stipulating to this procedure pursuant to 28 U.S.C. Sect. 636(b)(2). The Magistrate's Report and Recommended Decision (App. A11) was adopted by the District Court (App. A84).

Pertinent hereto, the record before the District Court found (App. A85) that in 1962, Skil on behalf of the inventor Gawron, filed a patent application (App. A105) out of which issued the Gawron patent 3,209,228 (App. A105).

During the prosecution of this Gawron application (App. A127), the Patent Examiner issued a FINAL REJECTION on the grounds that all claims are rejected as being fully met by the publications or record, and specifically stating:

> "This action is made *FINAL* under the provisions of Rule 113."

In response to this Final Rejection, Skil demonstrated a Skil drill before the Patent Examiner which drill contained a Lucerne switch [NOT the inventor Gawron's device] and relied upon the structural and operational features, i.e. speed control, feel, practical and economical speed control system, which were in only the Lucerne switch to distinguish by the demonstrated tool the Gawron invention over the art cited by the Patent Examiner, whereupon the Examiner withdrew the Final Rejection and issued the Gawron patent 3,209,228.

The Court (App. A31) also found Skil did NOT tell the Patent Examiner that the demonstrated tool contained the Lucerne switch NOT Gawron's device.

Skil's patent representative confirmed this demonstration before the Patent Examiner in the record of the patent application (App. A130) with the following statements:

> "Applicant acknowledges with appreciation the March 19, 1965 interview courteously extended by the Examiner. The Examiner was kind enough to permit a demonstration of a drill incorporating the present invention. A hole was driven in a nail and screws were driven by this drill to demonstrate the *speed control* and *feel* which are obtained by the present invention. Several demonstrations were conducted to show the many new drilling operations that are possible with a drill incorporating the instant invention. Also, a Sears Roebuck drill, similar to the drill shown in the Australian patent cited as of interest by the Examiner, was operated to show the *striking difference in speed control and feel between the Sears Roebuck drill and the drill incorporating the subject invention.* . . .
>
> . . . It was further pointed out during the interview that the applicant is the first in the art to develop a practical, *economical* and workable trigger operated speed control system for small portable tools, such as power drills. Copies of Ridell Patent 1,827,372, Lee Patent 2,406,389, Sparklin Patent 2,525,839 and Gemmill Patent 2,609,525 were shown to the Examiner as illustrative of prior art efforts to obtain variable speed control in tools such as drills and mixers. . . .

It was shown that a drill incorporating the instant invention *can be operated at extremely slow speeds and can be made to operate* in a stable manner at extremely *slow speeds* because of the *feel* which is made possible by the combination of the applicant's circuit and the *trigger associated therewith.*"

Contrary to the above statements of Skil's patent representative, Skil's Vice President of Engineering, Mr. Kaman, the tool demonstrator, *previous* to the aforesaid tool demonstration, privately advised Skil's management in his internal memorandum that Gawron's device *could not be installed in any Skil drill that Skil ever made* (App. A147):

". . . but our [GAWRON'S] device can not be installed in any 503, 560, 541 [Skil tool] that we have ever made, whereas the Lucerne approach does have this capability. If we proceed on our own, and Lucerne proceeds with their present plans, no portable TOOL MANUFACTURER [Skil] will have an exclusive position."

In 1964, before the aforesaid tool demonstration, the inventor Gawron also admitted in his internal memo to the same Mr. Kaman (App. A152) that he had never developed his device to the point where he obtained a structure like Lucerne's control.

Gawron said:

"However compared to the Lucerne control, the SKIL design is more bulky, has more total parts and, considering large quantities, is inherently more expensive. . . .

If this idea of control [LUCERNE'S] becomes popular (I believe it will) then we [Skil] will have to be talking about a more economical design *than we* [Skil] *now have.*"

Gawron also testified (App. A154) that his device was never commercialized, YET! the demonstrated tool was a commercial Skil drill, embodying the Lucerne switch device, NOT GAWRON'S!

The Magistrate treated this demonstration and Skil's concealment of Lucerne's switch in the tool demonstrated by Skil as *not* being a misrepresentation in the following findings:

[F/F] "38. Ten days after the license agreement was entered into on March 16, 1965 Mr. Kaman and an attorney for Skil met with the patent examiner concerning the Gawron patent application. They demonstrated the Gawron invention by operating a variable speed control drill which incorporated the invention. The invention was *embodied in a Lucerne speed control* device which Skil had purchased from Lucerne (T 1321-1328).

39. Six days after meeting with the patent examiner, on March 25, 1965, another amendment to the Gawron application was filed.

(a) In the remarks accompanying the amendment the March 16, 1965, meeting was acknowledged and briefly described. There is no evidence showing that (1) the patent examiner was informed that the demonstrated drill contained a Lucerne speed control device, or that (2) Skil pointed out to the examiner the retrofit feature of the Lucerne device or otherwise contended that the invention included the retrofit feature as an element.

54. There is no clear and convincing evidence that Skil intentionally withheld from, or misrepresented to, the Patent Office any pertinent or material information *concerning the Gawron application.*

55. There is no clear and convincing evidence that any of Skil's conduct before the Patent Office was taken with the intent to deceive."

The Court of Appeals, in affirming the District Court's findings held the Gawron patent valid, by treating this demonstration and Skil's concealment of the Lucerne switch in the Skil tool as *immaterial since Lucerne did not prove that the Lucerne device was prior art to Skil* (App. A7). (Emphasis added.)

REASONS FOR GRANTING THE WRIT

1. The Court should grant a writ of certiorari because this case presents a question of substantial importance to the interpretation to be given to Article I, Sect. 8 of the U. S. Constitution.

> "The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to . . . inventors the exclusive right to *their respective . . . discoveries.*" (Emphasis added.)

The admitted facts in this case show that the Gawron patent application was under Final Rejection and the inventor (Gawron) and his assignee (Skil), in response to said Final Rejection used the Lucerne switch device in the Skil tool in distinguishing the *Gawron invention* over the prior art by demonstrating the Skil tool before the Patent Examiner, which tool contained NOT GAWRON'S device, BUT Lucerne's device. The trial record is also undisputed that Gawron and his assignee (Skil) privately admitted to Skil's management prior to the demonstration (App. A147) that the Gawron device *was not capable* of even being mounted in a Skil drill which was the very same tool used by Skil in the demonstration before the Patent Examiner.

In this demonstration Skil relied upon the structural and operational features, i.e. speed control, feel, economical speed control system which were in ONLY the Lucerne device and not the Gawron device.

Gawron testified (App. A154) that his device was never commercialized. But the demonstrated tool was a commercial Skil drill which contained Lucerne's device, NOT Gawron's.

Gawron has obtained his patent by reason that the Patent Examiner unknowingly relied upon the demonstrated Lucerne device not Gawron's, and consequently issuance of the Gawron patent was not based upon "his [Gawron's] respective discovery" as that term is defined in Article I, Sect. 8 of the U. S. Constitution but contra, to the "discovery of Lucerne".

Therefore the Gawron patent was issued in violation of Article I, Section 8.

The federal patent law is embodied in 35 United States Code Sect. 1 et seq.; and the above Constitutional mandate, Article I, Sect. 8, is exemplified in 35 U.S.C. Sect. 102(f) which prohibits a person from obtaining a patent if,

> (b) he did not himself invent the subject matter sought to be patented.

In the present case, it is undisputed that the issuance of the Gawron patent was based upon the Lucerne switch device in the demonstrated Skil tool that was misrepresented to the Patent Office as being Gawron's invention.

Hence, the Gawron patent was issued in violation of 35 U.S.C. Sect. 102(f) because Gawron did not invent the Lucerne device.

The courts have protected the public from a patent improperly issued to an inventor who appropriates the

property or work product of another person, and passes said other property off to the Patent Office as his, and by said deception obtains a patent based upon the uniqueness and novelty of said other person's invention.

In the case of *Pennington v. National Supply Company* (5th Cir. 1938), 95 F.2d 291, 37 U.S.P.Q. 18, the inventor Pennington appropriated the device of another person and submitted claims in his application which were directed to the features *specific to only the appropriated device of said other person.* The Patent Office was not advised of this fact and U. S. patent 1,822,710 was issued to Pennington. In an infringement case later brought by Pennington against National Supply Company, the appropriation by Pennington of the other person's device was established.

The Court held the Pennington patent to be invalid in the following language pertinent hereto:

> "That these facts may have constituted a fraud upon the Patent Office, we need not consider here. They demonstrate that Pennington cannot claim any feature embodied in the Texas machine for the simple reason that he did not invent it, that it was invented by others, and that he undertook, and is undertaking, to appropriate to himself an invention which he did not make."

2. The Court should grant a writ of certiorari because the decision of the Court of Appeals will now permit an inventor to secretly appropriate the property of another person without the permission and/or knowledge of said other person and to permit said inventor to utilize said property in obtaining a U. S. patent which includes a claim directed to said appropriated property; and which acts of secret appropriation and use represent the taking of property of another without due process of law in violation of Article V of the U. S. Constitution.

3. The Court should grant a writ of certiorari because the Gawron patent 3,209,228 has been held valid in conflict with this Court's previous decision in *Precision Instruments Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806 (1945).

In *Precision*, this Court established the responsibility of all patent applicants as:

> "All applicants have an UNCOMPROMISING DUTY to report ALL FACTS CONCERNING POSSIBLE FRAUD OR INEQUITABLENESS UNDERLYING THE APPLICATIONS IN ISSUE.
>
> This duty is NOT EXCUSED BY REASONABLE DOUBTS as to the sufficiency of the proof of the inequitable conduct nor by resort to independent legal advice.
>
> Public interest demands that all facts relevant to such matters be submitted formally or informally to the Patent Office, which can then pass upon the sufficiency of the evidence."

In the present case, Skil, unknown to the Patent Office, appropriated the Lucerne switch device and passed it off

as Gawron's invention. The Courts below have held that Skil's duty of disclosure to the Patent Office was excused because Skil had reasonable doubts as to the adequacy of Lucerne's priority proofs (Magistrate's Decision at p. 57, App. A67).

As noted above, this Court in *Precision* ruled to the contrary stating, without exception, that the duty of disclosure is NOT EXCUSED by reasonable doubts as to the sufficiency of the proof . . . Hence, the Gawron patent 3,209,228 has issued contrary to this Court's decision in the *Precision* case, and consequently said patent is invalid.

CONCLUSION

This Court should grant a writ of certiorari.

Respectfully submitted,

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